

REFERENCE TITLE: charitable organizations; tax credit

State of Arizona  
House of Representatives  
Forty-eighth Legislature  
First Regular Session  
2007

## **HB 2380**

Introduced by  
Representatives Anderson, Barnes, Biggs, Groe, Rios P, Yarbrough: Adams,  
Clark, Crandall, Driggs, Lopes, McLain, Murphy, Nichols, Pearce, Robson,  
Stump, Senators Garcia, Huppenthal, Johnson, O'Halleran, Rios

AN ACT

AMENDING SECTION 43-1088, ARIZONA REVISED STATUTES; RELATING TO INDIVIDUAL  
INCOME TAX CREDITS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 43-1088, Arizona Revised Statutes, is amended to  
3 read:

4 43-1088. Credit for contribution to charitable organization  
5 that provides assistance to the working poor:  
6 definitions

7 A. ~~For taxable years beginning from and after December 31, 1997,~~ A  
8 credit is allowed against the taxes imposed by this title for voluntary cash  
9 contributions made by the taxpayer during the taxable year to a qualifying  
10 charitable organization ~~as determined pursuant to subsection F of this~~  
11 ~~section~~, but not exceeding:

12 1. Two hundred dollars in any taxable year for a single individual or  
13 a head of household.

14 ~~2. Three hundred dollars in taxable year 2005 for a married couple~~  
15 ~~filing a joint return.~~

16 ~~3.~~ 2. Four hundred dollars in ANY taxable year ~~2006 and any~~  
17 ~~subsequent year~~ for a married couple filing a joint return.

18 B. A husband and wife who file separate returns for a taxable year in  
19 which they could have filed a joint return may each claim only one-half of  
20 the tax credit that would have been allowed for a joint return.

21 C. If the allowable tax credit exceeds the taxes otherwise due under  
22 this title on the claimant's income, or if there are no taxes due under this  
23 title, the taxpayer may carry forward the amount of the claim not used to  
24 offset the taxes under this title for not more than five consecutive taxable  
25 years' income tax liability.

26 D. The credit allowed by this section is in lieu of a deduction  
27 pursuant to section 170 of the internal revenue code and taken for state tax  
28 purposes.

29 E. Taxpayers taking a credit authorized by this section shall provide  
30 the name of the qualifying charitable organization and the amount of the  
31 contribution to the department of revenue on forms provided by the  
32 department.

33 ~~F. The credit under this section applies only to contributions to~~  
34 ~~qualifying charitable organizations that exceed the total amount deducted~~  
35 ~~pursuant to section 170 of the internal revenue code in the taxpayer's~~  
36 ~~baseline year. The taxpayer's baseline year is:~~

37 ~~1. The 1996 taxable year if the taxpayer deducted charitable~~  
38 ~~contributions pursuant to section 170 of the internal revenue code in the~~  
39 ~~1996 taxable year.~~

40 ~~2. If the taxpayer did not deduct charitable contributions pursuant to~~  
41 ~~section 170 of the internal revenue code in the 1996 taxable year, the~~  
42 ~~taxpayer's baseline year is the first taxable year after 1996 that the~~  
43 ~~taxpayer deducted charitable contributions pursuant to section 170 of the~~  
44 ~~internal revenue code.~~

1           ~~G.~~ F. A qualifying charitable organization shall provide the  
2 department of revenue with ~~a written certification~~ THE FOLLOWING DOCUMENTS  
3 ESTABLISHING that it meets all criteria to be considered a qualifying  
4 charitable organization: ~~The~~

5           1. A COPY OF THE INTERNAL REVENUE SERVICE'S WRITTEN DETERMINATION THAT  
6 THE ORGANIZATION IS EXEMPT FROM TAXES.

7           2. A COPY OF THE ORGANIZATION'S ANNUAL INFORMATION RETURN FOR THE  
8 PRECEDING FISCAL YEAR AS DEFINED IN THE INTERNAL REVENUE CODE AND APPLICABLE  
9 REGULATIONS.

10          G. AFTER RECEIVING THE DOCUMENTS UNDER SUBSECTION F, THE DEPARTMENT  
11 SHALL REVIEW THE DOCUMENTS AND DETERMINE WHETHER THE ORGANIZATION MEETS THE  
12 REQUIREMENTS OF THIS SECTION. THE DEPARTMENT SHALL NOTIFY THE ORGANIZATION  
13 IF THE ORGANIZATION IS A QUALIFYING CHARITABLE ORGANIZATION UNDER THIS  
14 SECTION. A QUALIFYING CHARITABLE organization shall ~~also~~ notify the  
15 department of any changes that may affect the qualifications under this  
16 section. The department shall compile and make available to the public a  
17 list of the qualifying organizations.

18          H. For the purposes of this section:

19           1. "Low income residents" means persons whose household income is less  
20 than one hundred fifty per cent of the federal poverty level.

21           2. "Qualifying charitable organization" means a charitable  
22 organization that is exempt from federal income taxation under section  
23 501(c)(3) of the internal revenue code or is a designated community action  
24 agency that receives community services block grant program monies pursuant  
25 to 42 United States Code section 9901. The organization must spend at least  
26 fifty per cent of its budget on services to residents of this state who  
27 receive temporary assistance for needy families benefits or low income  
28 residents of this state and their households. Taxpayers choosing to make  
29 donations through an umbrella charitable organization that collects donations  
30 on behalf of member charities shall designate that the donation be directed  
31 to a member charitable organization that would qualify under this section on  
32 a stand-alone basis.

33           3. "Services" means cash assistance, medical care, child care, food,  
34 clothing, shelter, job placement and job training services or any other  
35 assistance that is reasonably necessary to meet immediate basic needs and  
36 that is provided and used in this state.

37          Sec. 2. Effective date

38          This act is effective and applies to taxable years beginning from and  
39 after December 31, 2007.